

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 COME-00 EB-07 FEA-01 INT-05 TRSE-00

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DRAFTED BY ARA/ECP:RHSTERN:MMW

APPROVED BY ARA/ECP:GROlsen

ARA/CEN - JSULLIVAN (SUBSTANCE)

COMM/BIC/OIM/LA - WBASTIAN (SUB)

----- 027385

P 042228Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY SAN JOSE PRIORITY

LIMITED OFFICIAL USE STATE 025596

E.O. 11652: N/A

TAGS: CS, EFIN

SUBJECT: VENEZUELAN OIL SCHEME

REF: (A) SAN JOSE A-6 OF JANUARY 22, 1975 (B) CARACAS

12424 OF DECEMBER 18, 1974 (C) SAN JOSE 4868 OF DECEMBER 24,

1. PAGE 6 OF REF A STATES THAT VENEZUELA WILL LEND BACK TO COSTA RICA ROUGHLY HALF OF WHAT IT PAYS FOR OIL AND WILL THUS BE A SUBSTANTIAL BOP MEASURE.

2. OUR UNDERSTANDING OF THE SITUATION IS SOMEWHAT DIFFERENT. AS STATED IN REF B, WE UNDERSTAND THAT VENEZUELAN ASSISTANCE IS LIMITED TO CRUDE OIL ONLY, AND THAT ONLY TO THE AMOUNT OF 7,300 BARRELS PER DAY. ANY EXCESS OVER 7,300 BARRELS PLUS ANY REFINED PRODUCT WOULD BE PAYABLE IN FULL WITHOUT ANY DEFERRAL.

3. WE THUS CALCULATE BASED ON FIGURES SUPPLIED REFTTEL C THAT COST BREAKDOWNS WOULD BE AS SHOWN IN FOLLOWING TABLE:

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1975 PROJECTED IMPORTS

---	DOLS. PER		
IMPORT	QUANTITY	BARREL	TOTAL
GASOLINE	450,000 BARRELS	14.00	DOLS. 6.3 MIL.
DIESEL	680,000 BARRELS	14.00	9.5 MIL.
CRUDE	3,450,000 BARRELS	12.80	44.1 MIL.

(A) 7300 BPD	2,664,500 BARRELS	6.00	15.98 MIL.
(B) 7300 BPD	2,664,500 BARRELS	6.80	18.1 MIL.
(C) 2,152 BPD	785,500 BARRELS	12.80	10.0 MIL.

(A) QUANTITY OF VENEZUELAN CRUDE COVERED UNDER THE AGREEMENT AT DOLS. 6.00 PER BARREL

(B) QUANTITY OF VENEZUELAN CRUDE SUBJECT TO PRICE DEFERRAL

(C) ABOVE QUOTA OIL PAYABLE AT MARKET PRICE

4. REAL CURRENT ACCOUNT COST TO COSTA RICA WOULD BE DOLS. 41.6 MILLION (GAS AND DIESEL AND CRUDE (A) AND CRUDE (C) AND BOP SUPPORT WOULD AT MOST BE DOLS. 18.1 MILLION (CRUDE (6))

5. ACTION REQUESTED: EMBASSY IS REQUESTED TO REEXAMINE THE PERTINENT PETROLEUM STATISTICS AND INFORM DEPARTMENT OF CORRECT INTERPRETATION. KISSINGER

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